



**US Army Corps  
of Engineers®**

# NEWS RELEASE

**Release No. PA-06-02**

**For Release: 6 February 2006  
Noon, Eastern**

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## **President's Fiscal Year 2007 U.S. Army Corps of Engineers' Civil Works budget released**

**Washington (February 6, 2006)** - The Fiscal Year 2007 (FY07) budget transmitted to Congress today includes \$4.733 billion in new federal funding for the Civil Works program of the U.S. Army Corps of Engineers.

Mr. John Paul Woodley, Jr., Assistant Secretary of the Army (Civil Works), said, "The Army Civil Works budget for Fiscal Year 2007 is the highest budget ever proposed for the Civil Works program. It provides critical funding for the U.S. Army Corps of Engineers to continue to contribute to the nation's economic and environmental well being.

"The FY07 budget emphasizes three critical Corps activities. First, it funds the construction and completion of water resources projects that will provide a high return on the nation's investment in the Corps' primary mission areas of commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration.

"Second, it increases funding for the Corps' regulatory program to help protect and preserve the nation's precious waters and wetlands.

"Third, it reflects the Administration's proactive support for the Corps' critical emergency preparedness and response mission by funding the mission in the regular budget process, and not through emergency transfers or supplemental funding," Woodley continued.

The Army Civil Works program contributes to the development and restoration of the nation's water and related resources; operation and maintenance of existing federally-owned water resources projects; protection of the nation's waters and wetlands; and restoration of sites contaminated as a result of the nation's early atomic weapons development program.

The new federal funding in the Civil Works budget consists of \$3.791 billion from the general fund, \$707 million from the Harbor Maintenance Trust Fund, \$197 million from the Inland Waterways Trust Fund, \$37 million from Special Recreation Use Fees, and \$1 million from Disposal Facilities User Fees.

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The new federal funding will be distributed as follows among the appropriation accounts:

- \$2.258 billion for Operation and Maintenance
- \$1.555 billion for Construction
- \$278 million for Flood Control, Mississippi River and Tributaries
- \$173 million for the Regulatory Program
- \$164 million for Expenses
- \$130 million for the Formerly Utilized Sites Remedial Action Program
- \$94 million for Investigations
- \$81 million for Flood Control and Coastal Emergencies

Other sources of funding are estimated at \$538 million, which includes \$75 million from the Coastal Wetlands Restoration Trust Fund and \$18 million in Permanent Appropriations. It also includes \$445 million paid by non-federal interests as Rivers and Harbors Contributed Funds.

The FY07 budget is a performance-based budget. As with the FY06 budget, the FY07 budget uses seven objective, performance-based guidelines to select the highest performing construction projects. This year the guidelines have been modified to reflect two major changes. First, for flood and storm damage reduction projects, risks to human life are considered along with economics. Second, among aquatic ecosystem restoration projects, priority is given to those that are cost effective, that help to restore regionally or nationally significant ecosystems, and that either remedy impacts from existing Civil Works projects or warrant the Corps' unique expertise in modifying the aquatic regimes of watersheds.

In recent years, many more construction projects have been authorized, initiated and continued than can be constructed efficiently. This has led to the postponement of benefits from the most worthy projects, which has significantly reduced overall program performance. To remedy this situation, the budget provides a high level of construction funding for 63 projects that offer the highest returns on the nation's investment, including six national priority projects, 14 project completions (including one dam safety and seepage project), 10 other dam safety and seepage correction projects, and 33 other very high performing projects. The budget also includes substantial funding for 28 other high-return projects.

The budget also includes about \$50 million for 10 lower performing, formerly budgeted projects to either complete ongoing contracts or to terminate the project and pay the federal share of settled claims, whichever is less costly.

The six construction projects considered to be national priorities are: the New York and New Jersey Harbor deepening project (\$90 million); the Oakland Harbor deepening project (\$44 million); construction of the Olmsted Locks and Dam, IL & KY (\$110 million); projects to restore the Florida Everglades (\$164 million) and the side channels of the Upper Mississippi River system (\$27 million); and the Sims Bayou, Houston, TX, flood damage reduction project (\$22 million).

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Two other national priority efforts to meet requirements of the Endangered Species Act are funded in the Operation and Maintenance account for FY07: Columbia River Basin (\$103 million) and Missouri River Basin (\$85 million).

The ninth national priority effort, the West Bank and Vicinity, Louisiana, project, has received the funds needed for completion.

The FY07 budget transfers several activities to the O&M budget from the construction budget to improve accountability and oversight, reflect the full cost of operating and maintaining existing projects, and reflect an integrated investment strategy.

- Rehabilitation of navigation and hydropower infrastructure, where the extent of the work is not large enough to be considered a replacement.
- Endangered Species Act compliance at operating projects.
- Construction of facilities, projects or features (including islands and wetlands) to use materials dredged during navigation maintenance.
- Mitigation of impacts on shorelines from navigation maintenance activities.

Among navigation projects, the FY07 Operation and Maintenance budget increases funding to maintain locks and dams on the nation's three busiest inland waterways – the Ohio River, the Mississippi River, and the Illinois Waterway. The budget also funds five rehabilitation projects on the inland waterways.

The budget re-proposes a recreation facility modernization initiative based on a model in use by other federal recreation providers. A portion of the cost to maintain and upgrade recreation facilities would be accomplished by using additional revenues from expanded user fees, and through innovative planning, management and financing partnerships with non-federal interests.

The budget for the Investigations account includes \$25 million for the program to restore the Louisiana Coastal Area. The budget also provides \$20 million for a national inventory and data base of flood and storm damage reduction projects, and for assessing project structural and operational integrity and their associated risks.

The budget provides substantial funding to meet performance targets in the Regulatory Program (\$173 million, a \$15 million increase); Emergency Management Program (including \$81 million for Flood Control and Coastal Emergencies, an \$11 million increase), and Recreation Program (\$267 million), which have been rated "Moderately Effective" using the Program Assessment Rating Tool (PART).

The budget proposes to use a portion of unobligated funds carried over from Fiscal Year 2006 to begin to repay the Department of the Treasury's Judgment Fund. The repayments would be for those past judgments against the United States on Civil Works contracts and real estate acquisitions that had been financed by the Judgment Fund.

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Woodley also emphasized budget initiatives leading to more systematic, performance-based budget development and asset management for the Army Civil Works program.

Woodley stated, "To improve investment decision making, the budget funds the development of economic models for navigation and benefit evaluation methods for aquatic ecosystem restoration. The budget provides funding to develop asset management systems and risk-based condition indices for operating projects – tools that will provide needed enhancements to help evaluate maintenance and rehabilitation choices for flood control, navigation and hydropower assets.

"The budget organizes budget information for operation and maintenance activities by river basin and by mission area, setting the stage for improved management of Civil Works assets in FY07 and more systematic budget development in future years," Woodley concluded.

The mission of the United States Army Corps of Engineers, the world's preeminent public engineering agency, is to provide quality, responsive engineering services to the Nation and its armed forces. The Corps plans, designs, builds and operates water resources projects; designs and manages military facilities construction for the Army and Air Force at home and abroad; provides design and construction management support for other Defense and federal agencies; cleans hazardous areas across the Nation through the Formerly Used Defense Sites program and the Formerly Utilized Sites Remedial Action Program; and conducts state of the art engineering research and design at its Engineer Research and Development Center.

The FY07 Army Civil Works budget information, including a state-by-state breakdown, will be available at [www.usace.army.mil/civilworks/cecwb/budget/budget.pdf](http://www.usace.army.mil/civilworks/cecwb/budget/budget.pdf).

*For additional information about the United States Army Corps of Engineers, please visit our updated website at [www.usace.army.mil](http://www.usace.army.mil).*